

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Fiscal Year 2013 Special Accounts Work Planning Review

1/30/2013

This report contains a summary and analysis of planned and actual utilization of special account funds as of Fiscal Year 2013 Special Accounts Work Planning. Special account available balance and financial transaction information was compiled on October 1, 2012, from the Compass Data Warehouse (CDW), and special account planning data was compiled on October 22, 2012, from the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS).

1/22/2013

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1 Introduction

In accordance with the Superfund Special Accounts Management Strategy and the Data Monitoring Plan, at least twice a year the Office of Superfund Remediation and Technology Innovation (OSRTI) and the Office of Site Remediation Enforcement (OSRE) review special account data in the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) and the agency's financial management system (Compass) to ensure that regions are planning for the use of available special account funds, complying with guidance, and effectively managing special accounts. This report is a summary of the results from the Fiscal Year (FY) 2013 special account work planning review conducted by OSRTI and OSRE (Headquarters) and each of the 10 regions.

This information is being provided to the Special Accounts Senior Management Committee (Committee) to inform them of the status of plans and utilization for special account funds in accordance with the charter establishing the Committee.

2 Headquarters Review and Analysis of Special Accounts Data in CERCLIS and Compass

2.1 CERCLIS Special Accounts Management Data Entry Screen

Regions are to plan and use special account funds in accordance with the Guidance on the Planning and Use of Special Account Funds (September 28, 2010). The Special Accounts Management data entry screen in CERCLIS is broken out into three main sections (see Table 1) allowing regions to enter special account plans and ensure consistency with guidance. Reclassifications and transfers to the general portion of the Superfund Trust Fund (Trust Fund) are included in the third section on the Special Accounts Management data entry screen in CERCLIS; however, they have been broken out separately for purposes of evaluating this data.

Table 1: Main sections of CERCLIS Special Accounts Management data entry screen

| Section | Description |
|---|---|
| <i>Remaining Special Account Amount To Be Obligated For Disbursement To Work Parties</i> | Amounts promised to work parties in final settlements that have yet to be obligated or disbursed to those parties |
| <i>Planned Special Account Obligations Captured In CERCLIS By Site Allowance Equivalent</i> | Funds associated with site response actions planned in CERCLIS through the Site Financial Transaction screen ¹ |
| <i>Additional Special Account Reserved Uses (Estimated Costs) Not Captured As Planned CERCLIS Obligations</i> | Represents site response actions that are not captured by the Planned Special Account Obligations Captured In CERCLIS By Site Allowance Equivalent section of the screen, such as future settlement incentives, pre-remedy future costs, intramural use costs, outyear five year reviews, remedy optimization, uses specified in existing settlements, and transfers to/from other special accounts; also includes funds planned for future contingencies at the site |
| <i>Amounts Planned for Reclassification and/or Transfer to the Trust Fund</i> | Amounts that are no longer needed at a site for future response actions and are intended to be used to repay past appropriated expenditures at the site through reclassification or transferred to the Trust Fund, when reclassification is not appropriate |

2.2 Compass Implementation

The agency transitioned to the new Compass financial management system at the beginning of FY 2012. The transition caused some issues in terms of special accounts actual financial transaction data and created some challenges that the regions had to address. Currently, all of the issues have been resolved.

¹ Planned obligations of special account resources are entered by the regions in the CERCLIS Site Financial Transaction screen using action codes identified in the most recent IFMS Dictionary of Superfund Extramural Action Codes for Financial Transactions at:
http://intranet.epa.gov/fmdvalley/superfund_A/action_code/fy2012_superfund_action_code_dictionaries.pdf

First, prior to FY 2013 special accounts work planning, there was an issue with the transfer of special accounts actual financial data from Compass to CERCLIS. More specifically, the transfer was not occurring because the supporting security documentation was out of date. The issue was resolved and the data transfer resumed just prior to the commencement of FY 2013 special accounts work planning. Second, immediately following the Compass implementation, the Budget Detail Spending query in the Compass Data Warehouse was not available. Historically, several regions relied on the Budget Detail Spending query to identify past site expenditures to serve as the basis for special account reclassification actions. The Budget Detail Spending query was restored late in FY 2012. Third, in FY 2012, special account funds were tracked in Compass by the fiscal year in which the funds were received. All funds received prior to FY 2012 were considered FY 2011 funds and all funds received in FY 2012 were considered FY 2012 funds. Tracking special account funds by the fiscal year in which they were received added an extra level of complexity to the process of planning and utilizing special account funds. Due to the complexities with this particular method of tracking special account funds, the agency decided to return to tracking all special account funds using the current fiscal year in FY 2013.

2.3 Status of Special Accounts

Since 1989, regions have established 1,175 special accounts and collected more than \$4.2B in special account funds. Of those accounts, 1,011 are open and 164 are closed (as of October 1, 2012, from CDW), compared to 1,019 and 141 respectively (1,160 total) at FY 2012 mid-year conducted in March 2012. Figure 1 depicts the breakdown of open versus closed accounts in each region.

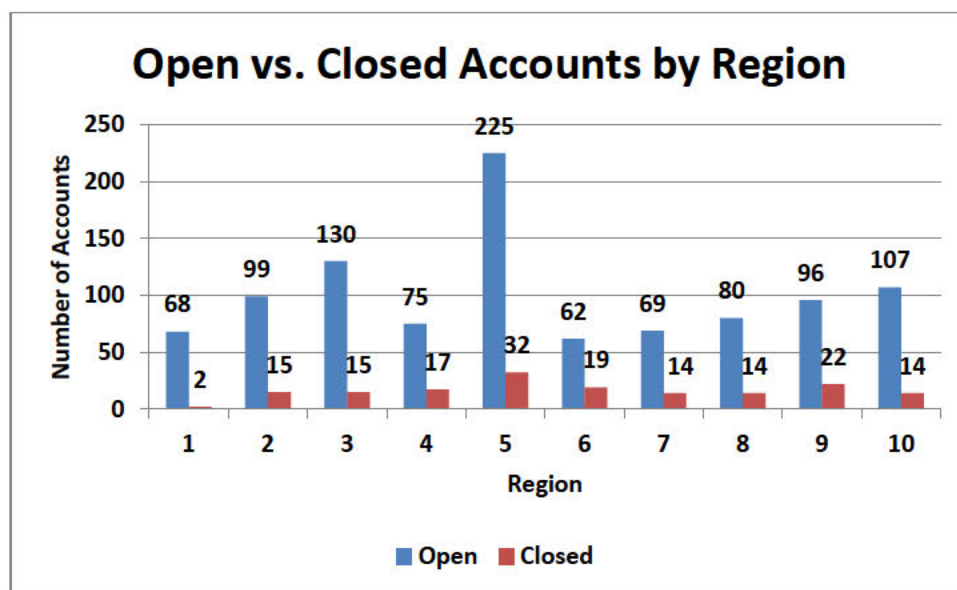


Figure 1: Open vs. Closed Accounts by Region

Of the more than \$4.2B collected² to date, over \$2.5B (58%)³ have been obligated for site-specific response actions or transferred to the Superfund Trust Fund. Almost \$1.8B (42%)

² Collected amount includes receipts and interest.

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remain available in special accounts for future response work. The national available account balance decreased by approximately \$267M and obligations increased by approximately \$256M since mid-year review was conducted in March 2012. Figure 2 provides a comparison of regional available account balances at FY 2012 mid-year review conducted in March 2012 and FY 2013 work planning conducted in October 2012. Figure 3 depicts the status of special account funds in each region, obligated versus available, as of October 1, 2012.

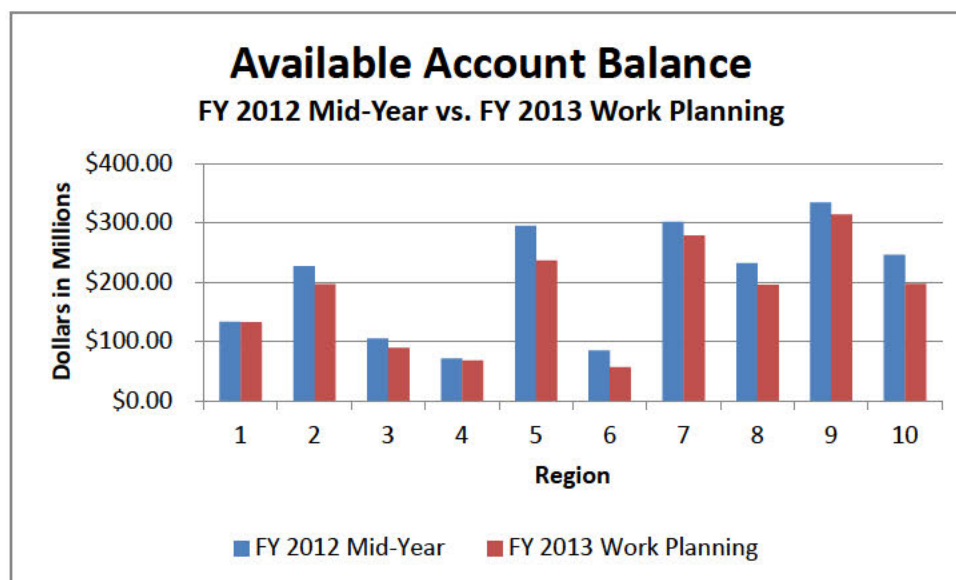


Figure 2: Available Account Balance: FY 2012 Mid-Year vs. FY 2013 Work Planning

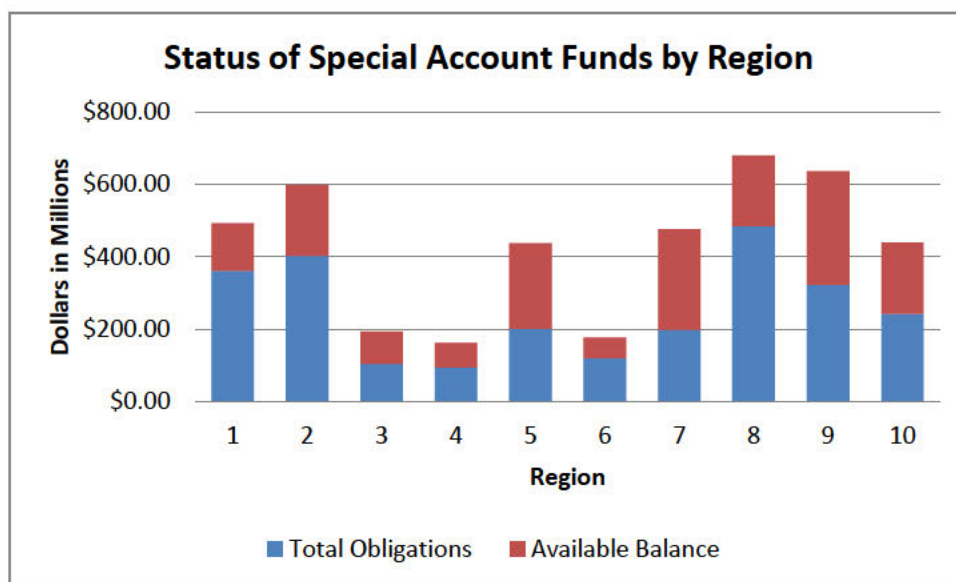


Figure 3: Status of Special Account Funds by Region

³ Amount is calculated as open obligations plus disbursements.

2.4 National Plans for Using Special Accounts

Of the approximately \$1.8B available in special accounts nationally, 99.3% of the funds are planned for use in CERCLIS. On average, the regions entered planned uses in CERCLIS for 99.1% of their available account balance. The percentage planned ranged from 95.3% to 100.0% across the regions.

2.4.1 Special Account Funds to Be Obligated For Disbursement to Work Parties

Special account funds that remain to be obligated for disbursement to work parties account for 3.5% of all planned uses, an increase from approximately 3.1% at FY 2012 mid-year. This use of special account funds to facilitate work settlements should be considered prior to other uses, in accordance with the hierarchy for using special account funds outlined in the 2010 Special Accounts Planning and Use Guidance. In addition, the actual number of accounts that have funds remaining to be disbursed to work parties remained unchanged at 30 since last counted at FY 2012 mid-year. However, the regions obligated funds from six separate special accounts since FY 2012 mid-year. Six new special accounts, **Exemption 5 - Deliberative Process**

[REDACTED] have funds that remain to be obligated for disbursement to work parties and were planned by the regions since FY 2012 mid-year.

2.4.2 Planned Special Account Obligations in CERCLIS

Planned financial transactions are recorded on the CERCLIS Site Financial Transaction screen and are aggregated and reflected on the Special Account Management data entry screen. As shown in Figure 4, these plans account for 55% (\$970M) of all planned uses, a decrease from 58% (\$1.2B) at FY 2012 mid-year. The decrease in percentage between the two planning sessions coincided with an overall decrease in the national available balance from FY 2012 mid-year. The overall decrease in the percentage of plans indicates that regions are planning a smaller percentage of funds through planned obligations on average, regardless of the change in the national available balance. In addition, the decrease from 58% to 55% continued the trend of a decreasing percentage of funds planned for obligations in CERCLIS that has been observed since FY 2012 final work planning, when planned special account obligations in CERCLIS accounted for 59% (\$1.1B).

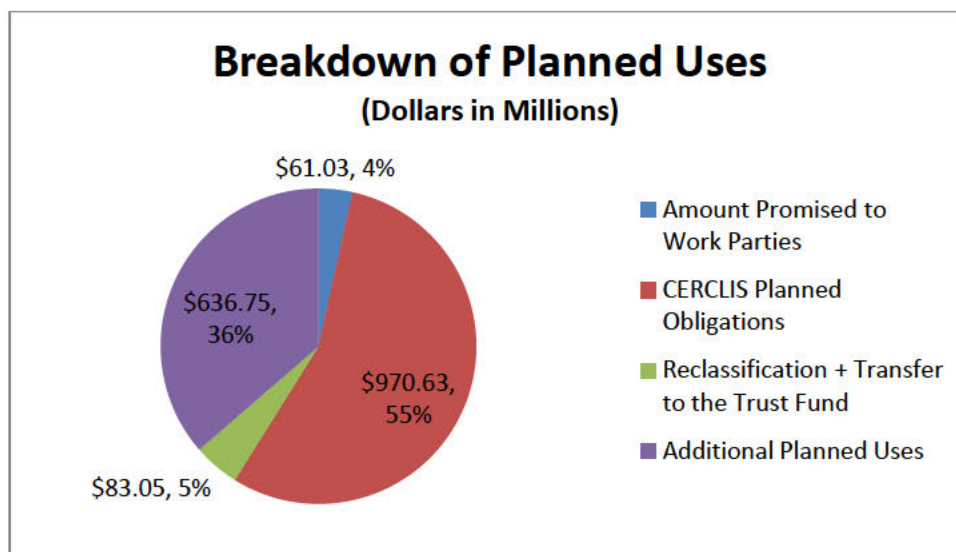


Figure 4: Breakdown of Planned Uses

A breakdown of planned obligations by program area indicates that 92% of all special account planned obligations are aligned to activities within the Remedial program, with 52% (\$508.7M) for Remedial Action activities and 40% (\$388.8M) for Pipeline activities. The remaining planned obligations are for Removal activities at 6.8% (\$65.7M), Federal Facilities activities at 0.4% (\$4.2M), and Enforcement activities at 0.3% (\$3.2M). Figure 5 provides a breakdown of planned obligations by dollar amount and percentage within the site allowance equivalents as of FY 2013 special accounts work planning.

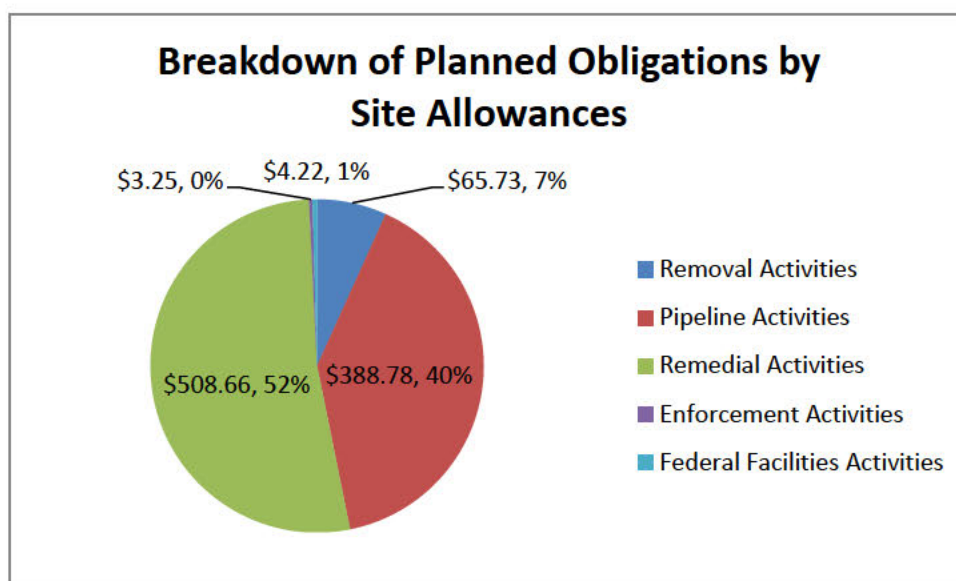


Figure 5: Breakdown of Planned Obligations by Various Site Allowances

2.4.3 Additional Special Account Uses Not Captured As Planned CERCLIS Obligations

Plans entered in the Additional Special Account Reserved Uses section of the Special Account Management data entry screen, excluding amounts planned for reclassification or transfer to the Trust Fund, account for 36% (\$636M) of all planned uses for available special account funds, an increase of 1% from FY 2012 mid-year (\$690M). However, there was a decrease of \$54M in the dollar amount planned within this category. The decrease in dollar amount, despite the increase in the percent of planned uses, was due to the overall decrease in the national available account balance from FY 2012 mid-year to FY 2013 work planning.

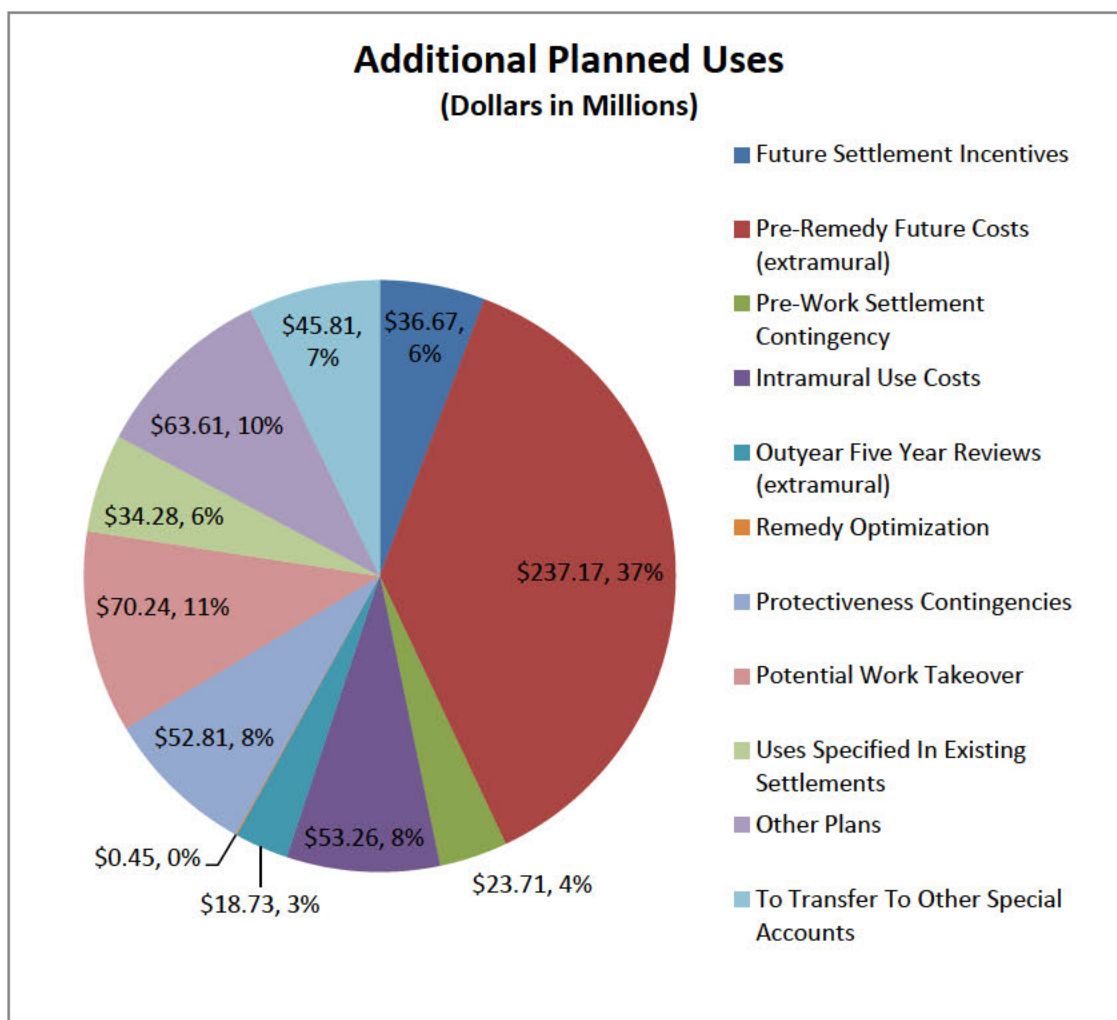


Figure 6: Additional Planned Uses

Approximately 37% (\$237M) of the funds planned for use within this section were aligned to the Pre-Remedy Future Costs field (see Figure 6). This planning field is for estimated remedy costs before the final remedy has been selected through a Record of Decision (ROD) or similar remedy decision document, and these planned uses are considered enforcement confidential.

Approximately 11% (\$70.2M) of the funds planned for use within this section were planned for Potential EPA Work Takeover. This planning field is for contingency planning in the event the PRPs are unable to complete the work, which the region would subsequently assume. The amount of funds planned for Potential EPA Work Takeover increased by nearly \$32M from FY 2012 mid-year to FY 2013 special accounts work planning.

Approximately 10% (\$63.6M) of the funds planned for use within this section were aligned to the Other Plans field, compared to 18% (\$123.5M) at FY 2012 mid-year. The national amount planned for Other Plans is almost \$60M less than it was at FY 2012 mid-year. The decreased national amount returned closer to a level seen at FY 2012 final work planning (\$53.5M) and can be partially attributed to the resolving of issues that resulted from the transition to Compass. The transition to Compass created duplicate receipts associated with several different accounts and resulted in a failure to account for some obligations that had taken place in FY 2012, which caused available account balances to appear greater than their actual value at the time. As a result, some regions planned those duplicate receipts in the Other Plans field since the funds were not actually available for use. These issues have since been resolved, and the national amount planned for Other Plans has since returned to a more standard amount. The Other Plans field is more commonly used when there are site uncertainties and/or planned uses that are unable to be captured and categorized by any of the other planning fields.

Approximately 8% (\$53M) of the funds planned for use within this section are for Intramural Use Costs. The percentage of funds planned for Intramural Use Costs remained unchanged from FY 2012 mid-year. Intramural Use Costs are those costs incurred in association with site-specific payroll and site travel.

Approximately 6% (\$37M) of the funds planned for use within this section are for Future Settlement Incentives. Following discussions between OSRE and regions during FY 2012 mid-year, regions have planned funds in this field to be used as incentives for PRPs to conduct work at sites. **Deliberative Process Exemption 5**

[REDACTED]

[REDACTED]

2.4.4 Plans for Reclassification and/or Transfer to the Trust Fund

Amounts planned for reclassification and/or transfer to the Trust Fund account for approximately 4.7% of all planned uses for available special account funds, nearly 4.4% for reclassification and 0.3% for transfer to the Trust Fund. At FY 2012 mid-year, amounts planned for reclassification and/or transfer to the Trust Fund accounted for approximately 4.0% of all planned uses for available special accounts funds, 3.2% and 0.9% respectively. As of FY 2013 special accounts work planning, regions plan to reclassify \$47.5M in special account funds, and transfer \$5.8M to the Trust Fund during FY 2013. Figure 7 provides a comparison of planned versus actual reclassification amounts for the various regions from FY 2004 to FY 2015. Figure 8 provides a comparison of planned versus actual transfers to the Trust Fund for the various regions from FY 2004 to FY 2015.

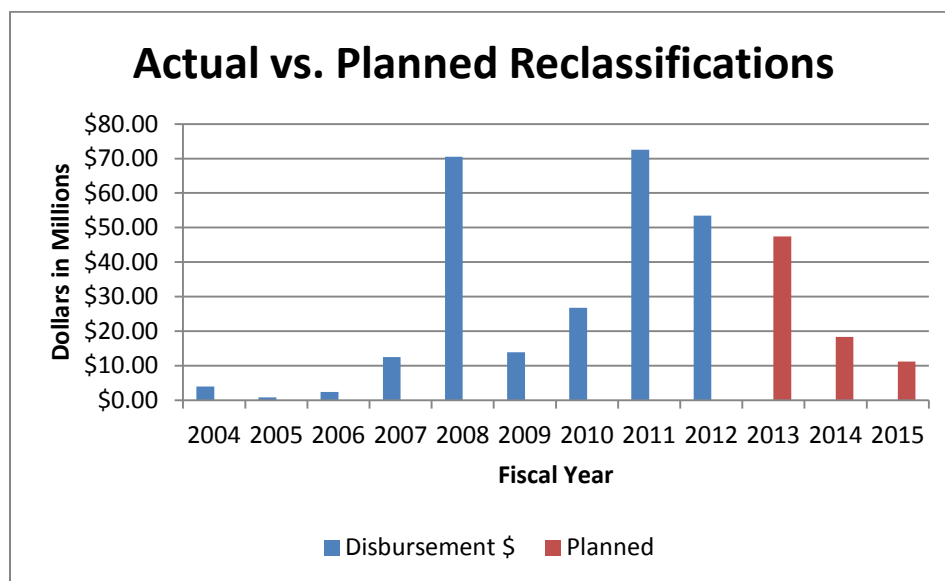


Figure 7: Actual vs. Planned Reclassifications

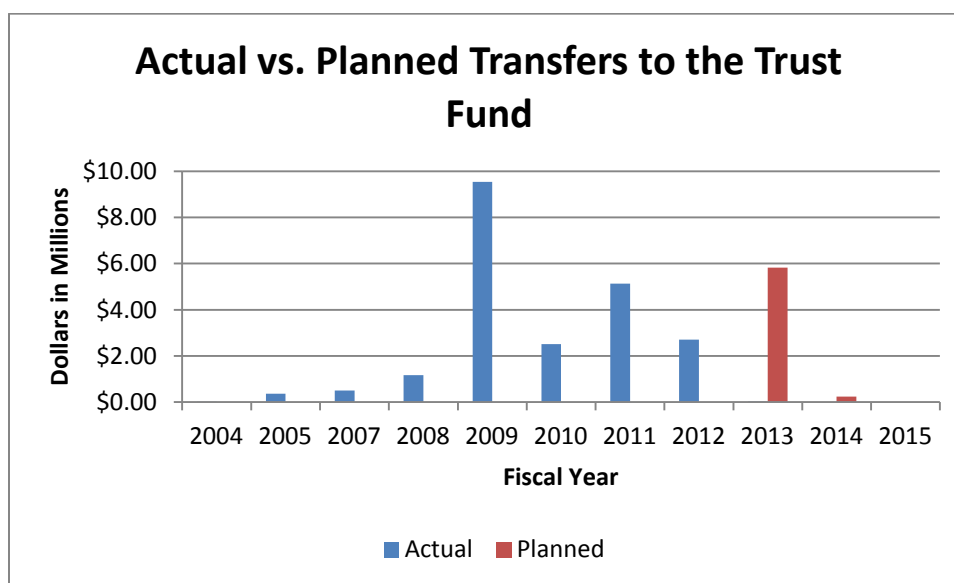


Figure 8: Actual vs. Planned Transfers to the Trust Fund

The Additional Special Account Reserved Uses section allows the regions to enter their plans for reclassifications and transfers to the Trust Fund over a three year time period (currently FY 2013-2015).

2.5 Accounts by Focus Areas

There are certain categories of accounts that receive additional scrutiny from the regions and Headquarters to ensure funds are being properly managed and utilized. The categories are derived from the Effective Utilization of Superfund Special Accounts memorandum issued in April 2012 as well as from general input from staff in OSRTI and OSRE. The categories include

accounts with more than \$10M available (subset of accounts with greater than \$1M available), accounts that are 10 or more years old, accounts that utilized less than 30% of funds made available in the account, and accounts at construction complete and deleted sites.

2.5.1 Available Balance Greater than \$1M

A review of the composition of open special accounts by their available account balance reveals that a majority of the accounts (78%) have less than \$1M available, and conversely 22% of the accounts have more than \$1M available. The 22% of accounts with an available account balance of more than \$1M have a combined total available balance of \$1.57B, which represents 89% of all available funds in open special accounts. Of those accounts with more than \$1M available, 33 accounts (accounts with an available balance greater than \$10M) retain approximately 56% of the national available balance, including accounts at sites where the anticipated cleanup costs may be the highest in the nation (e.g., Omaha Lead and Stringfellow). Table 2 lists those 33 accounts with current available account balances in excess of \$10M and provides a comparison of their available account balances at FY 2012 mid-year and FY 2013 work planning.

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Table 2: Accounts with Available Balance Greater Than \$10M (FY 2012 Mid-Year vs. FY 2013 Work Planning)

| SA Name (SA Number) | Mid-Year Balance | Work Planning Balance | Change |
|---|------------------|-----------------------|----------|
| 1 OMAHA LEAD (07ZY) | \$193.9 | \$189.7 | (\$4.2) |
| 2 STRINGFELLOW (0901) | \$92.7 | \$92.9 | \$0.2 |
| 3 LIBBY ASBESTOS SITE (08BCRA) | \$97.6 | \$70.9 | (\$26.7) |
| 4 MONTROSE PV SHELF (09CA) | \$61.4 | \$60.1 | (\$1.4) |
| 5 COMBE FILL SOUTH LANDFILL (0256) | \$58.6 | \$57.4 | (\$1.2) |
| 6 ALLIED PAPER, INC./PORTAGE CREEK/KALAMAZOO RIVER (059B06) | \$53.2 | \$55.9 | \$2.7 |
| 7 BUNKER HILL-GENERAL (1020) | \$54.7 | \$51.9 | (\$2.9) |
| 8 HEGELER ZINC (B54T) | \$62.3 | \$37.0 | (\$25.3) |
| 9 SAN GABRIEL VALLEY (AREA 2) (09M5) | \$30.0 | \$30.1 | \$0.1 |
| 10 CB/NT ASARCO (10F9) | \$31.9 | \$29.6 | (\$2.2) |
| 11 MIDNITE MINE (102B) | \$18.8 | \$24.3 | \$5.6 |
| 12 MOSES LAKE WELLFIELD CONTAMINATION (10H9) | \$22.6 | \$20.7 | (\$2.0) |
| 13 BURNT FLY BOG (0208) | \$17.9 | \$17.7 | (\$0.2) |
| 14 RAYMARK INDUSTRIES, INC. (01H3) | \$17.8 | \$17.1 | (\$0.8) |
| 15 DIAMOND ALKALI CO. (0296) | \$24.4 | \$16.9 | (\$7.5) |
| 16 PUENTE VALLEY OU1 (098V) | \$14.3 | \$15.0 | \$0.7 |
| 17 EAST HELENA SITE (0830) | \$15.1 | \$14.7 | (\$0.3) |
| 18 FLETCHER'S PAINT WORKS & STORAGE (01D1) | \$1.1 | \$14.5 | \$13.4 |
| 19 NEWMARK GROUND WATER CONTAMINATION (09J5) | \$14.6 | \$14.4 | (\$0.2) |
| 20 LOWRY LANDFILL (0808RA) | \$14.0 | \$14.1 | \$0.1 |
| 21 SGV 1-OU5-SO EL MONTE (094X1X) | \$14.0 | \$14.0 | \$0.1 |
| 22 SILVER BOW CREEK/BUTTE AREA (0822) | \$14.0 | \$14.0 | \$0.0 |
| 23 PORTLAND HARBOR (103R) | \$23.2 | \$13.8 | (\$9.4) |
| 24 BIG RIVER MINE TAILINGS/ST. JOE MINERALS CORP. (07CR) | \$14.2 | \$13.8 | (\$0.4) |
| 25 BEEDE WASTE OIL (011T) | \$18.8 | \$13.7 | (\$5.1) |
| 26 NEWTON COUNTY MINE TAILINGS (07RZ) | \$13.3 | \$13.7 | \$0.4 |
| 27 CHEROKEE COUNTY (0737) | \$23.1 | \$13.6 | (\$9.5) |
| 28 LIPARI LANDFILL (0201) | \$17.4 | \$13.0 | (\$4.5) |
| 29 PETERSON/PURITAN, INC. (0140) | \$12.4 | \$12.7 | \$0.3 |
| 30 SOLVENTS RECOVERY SERVICE OF NEW ENGLAND (0108) | \$11.8 | \$11.9 | \$0.1 |
| 31 LIBBY ASBESTOS SITE (08BCOM) | \$11.5 | \$11.6 | \$0.1 |
| 32 PALMERTON ZINC PILE (0326) | \$10.6 | \$10.8 | \$0.2 |
| 33 ANNISTON PCB SITE (MONSANTO CO) (04S9) | \$10.7 | \$10.6 | (\$0.1) |

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An analysis of planned uses for accounts with greater than \$1M available reveals that 56% (\$881M) of the funds in these accounts are intended to be obligated extramurally to fund specific response actions at these sites and another 15% (\$232.8M) is planned in the pre-remedy field where a final remedy at the site has not yet been selected. Table 3 shows Other Planned Uses, including the approximate percentages and total amounts planned.

Table 3: Other Planned Uses for Accounts with an Available Balance Greater than \$1M

| Other Planned Uses | Percent of All Planned Uses | Total Amounts Planned |
|---|-----------------------------|-----------------------|
| Remaining Amount to be Obligated for Disbursement to Work Parties | 3% | \$54.7 |
| Future Settlement Incentives | 2% | \$32.9 |
| Pre-work Settlement Contingency | 1% | \$22.9 |
| Intramural Use Costs | 2% | \$25.9 |
| Outyear Five Year Reviews | 0.5% | \$8.1 |
| Remedy Optimization | 0.0% | \$0.4 |
| Protectiveness Contingencies | 3% | \$50.2 |
| Potential EPA Work Takeover | 4% | \$64.5 |
| Uses Specified in Existing Settlements | 2% | \$30.7 |
| Other Plans | 3% | \$53.0 |
| To Transfer to Other Special Accounts | 2% | \$38.3 |
| Reclassification | 4% | \$65.4 |
| Transfer to the Trust Fund | 0.2% | \$3.5 |

For those 33 accounts with more than \$10M available, 60% (\$601.5M) of the funds in those accounts are planned for obligation for specific response actions and 20% (\$200.9M) is planned in the pre-remedy field. There are no funds that are planned to be obligated for disbursement to work parties or in the remedy optimization field. Table 4 shows Other Planned Uses, including approximate percentages and total amounts planned.

Table 4: Other Planned Uses for Accounts with an Available Balance Greater than \$10M

| Other Planned Uses | Percent of All Planned Uses | Total Amounts Planned |
|--|-----------------------------|-----------------------|
| Future Settlement Incentives | 1% | \$10 |
| Pre-work Settlement Contingency | 1% | \$8.4 |
| Intramural Use Costs | 0.4% | \$4.7 |
| Outyear Five Year Reviews | 0.1% | \$1.8 |
| Protectiveness Contingencies | 2% | \$23.7 |
| Potential EPA Work Takeover | 3% | \$34.5 |
| Uses Specified in Existing Settlements | 1% | \$14.1 |
| Other Plans | 4% | \$36.5 |
| To Transfer to Other Special Accounts | 3% | \$31.4 |
| Reclassification | 4% | \$41.6 |

2.5.2 Age of Accounts

An analysis based on the age of special accounts reveals that 51% (\$897.4M) of available special account funds are in accounts that are less than 10 years old, with the remainder (\$865.5M) in accounts that were opened in FY 2003 or before.

As reported in previous reports on Special Accounts work planning and mid-year reviews, a comparison of planned uses based on age indicates that the age of an account is not a determining factor for how funds are to be used (see Table 5). Rather, the stage of a site in the cleanup pipeline (i.e., construction complete [CC] vs. pre-CC) is a more determining factor for how funds are to be used. An account may be more than 10 years old because of de minimis settlements that occurred early in a site's investigation phase. Cleanup actions often last for several years, and there is not a distinct difference in planning data for those accounts that are more or less than ten years old.

2.5.3 Less Than 30% Utilization

An analysis based on the amount of funds disbursed or obligated from special accounts finds that 41% of open accounts have utilized less than 30% of funds made available in the special account over time. There are 161 open accounts that have \$0 disbursed, a net decrease of 47 accounts from 208 at FY 2012 mid-year. Figure 9 depicts the number of special accounts with \$0 disbursed by the fiscal year the account was opened and the number of those accounts that have associated unliquidated obligations. The majority of special accounts with \$0 disbursed were established in FY 2007 or after.

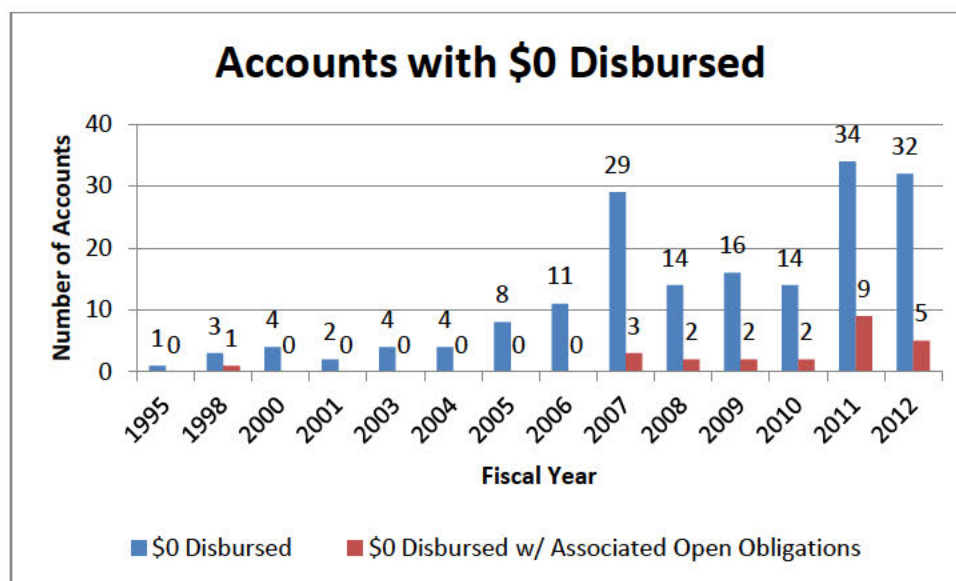


Figure 9: Accounts with \$0 Disbursed

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An analysis of available funds for accounts with less than 30% utilized reveals that 46% (\$521M) is planned for future, action-specific response work. This includes sites where funds were likely received early in the life of the associated site, before any significant work was performed or costs incurred. 19% is planned in the pre-remedy field where the final remedy at the site has not been selected (see Table 5). Reclassifications and transfers to the Trust Fund account for almost 5.2% (\$59M) of funds in accounts that have utilized less than 30% of available funds.

Table 5: Planned Special Account Uses at Focus Areas

| | Less than 30% Utilized | | Greater than \$1M Available | | Accounts 10 Years Old or More | | Accounts Less Than 10 Years Old | |
|--|------------------------|--------------|-----------------------------|--------------|-------------------------------|--------------|---------------------------------|--------------|
| | \$ in M | % | \$ in M | % | \$ in M | % | \$ in M | % |
| Amount for Work Parties | \$40 | 3.6% | \$55 | 3.5% | \$26 | 3.0% | \$35 | 3.9% |
| Planned CERCLIS Obligations | \$521 | 46.2% | \$881 | 56.0% | \$494 | 57.0% | \$477 | 53.2% |
| Future Settlement Incentives | \$35 | 3.1% | \$33 | 2.1% | \$7 | 0.8% | \$29 | 3.3% |
| Pre-Remedy Future Costs | \$215 | 19.1% | \$233 | 14.8% | \$122 | 14.1% | \$115 | 12.8% |
| Pre-Work Settlement Contingency | \$22 | 2.0% | \$23 | 1.5% | \$11 | 1.3% | \$13 | 1.4% |
| Intramural Use Costs | \$25 | 2.2% | \$26 | 1.6% | \$17 | 2.0% | \$36 | 4.0% |
| Outyear Five Year Reviews | \$9 | 0.8% | \$8 | 0.5% | \$7 | 0.8% | \$11 | 1.3% |
| Remedy Optimization | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.1% | \$0 | 0.0% |
| Protectiveness Contingencies | \$44 | 3.9% | \$50 | 3.2% | \$30 | 3.5% | \$23 | 2.5% |
| Potential EPA Work Takeover | \$34 | 3.0% | \$65 | 4.1% | \$24 | 2.8% | \$46 | 5.1% |
| Uses Specified in Existing Settlements | \$26 | 2.3% | \$31 | 2.0% | \$4 | 0.5% | \$30 | 3.4% |
| Other Plans | \$49 | 4.4% | \$53 | 3.4% | \$41 | 4.7% | \$23 | 2.5% |
| Transfer to Other SA | \$42 | 3.7% | \$38 | 2.4% | \$31 | 3.6% | \$14 | 1.6% |
| Reclassification | \$57 | 5.1% | \$65 | 4.2% | \$44 | 5.1% | \$33 | 3.6% |
| TF Transfers | \$2 | 0.2% | \$4 | 0.2% | \$3 | 0.3% | \$3 | 0.3% |
| Unassigned | \$5 | 0.4% | \$7 | 0.4% | \$2 | 0.3% | \$9 | 1.1% |
| Total Available | \$1,127 | 99.6% | \$1,572 | 99.6% | \$866 | 99.7% | \$897 | 98.9% |

Chart excludes closed accounts. Percentages based on Total Available for each focus area.

2.5.4 Construction Complete and Deleted Sites

Nationwide, approximately 14% of available special account funds are retained in 352 open accounts at CC sites (13% and 318 excluding deleted sites), and 1% of special account funds are available in 34 open accounts at sites deleted from the National Priorities List (NPL). Regions

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have planned uses for 98.6% of the available balance at CC sites and 100% of the available balance at deleted sites (see Table 6).

Of the special account funds available at sites that have been deleted from the NPL or that have achieved CC status, a greater percentage of those funds will be used for future five year reviews (FYRs) than for sites that have not been deleted from the NPL or have not achieved CC status. As site uncertainties have also decreased for sites that have been deleted from the NPL and have achieved CC, a greater percentage of funds at these sites have also been identified for reclassification and/or transfer to the Trust Fund than at other sites. The percentage of planned uses for FYRs and reclassifications and/or transfers to the Trust Fund is higher for CC sites and sites deleted from the NPL. It is important to note that special account funds must be used in accordance with the overriding settlement document, and as a result some funds may remain in special accounts, regardless of whether the site has been deleted or achieved CC, until the terms of the settlement have been addressed (i.e., funds planned in the Uses Specified in Existing Settlements field).

During FY 2013 work planning, and consistent with the “Effective Utilization of Special Accounts” memorandum issued on April 2, 2012, Headquarters has also asked regions to look more closely at accounts where CC was achieved 15 or more years ago (i.e. CC was achieved in FY 1998 or earlier) to identify where site risks and costs are so minimal that appropriated funds can take on those future costs and funds available in those accounts can be reclassified or transferred to the Trust Fund to address more pressing needs currently affecting the national program. An analysis of accounts with CC achieved 15 years ago or more finds that approximately \$52M is available in these accounts, and more than \$7.3M is planned to be disbursed to work parties.

Table 6: Planned Special Account Uses at Deleted, CC, and Non-CC sites

| | Deleted Sites | | CC Sites ¹ | | Non-CC Sites | | Total | |
|--|---------------|-------|-----------------------|-------|--------------|-------|---------|-------|
| | \$ in M | % | \$ in M | % | \$ in M | % | \$ in M | % |
| Amount for Work Parties | \$0 | 0.0% | \$28 | 11.9% | \$33 | 2.2% | \$61 | 3.5% |
| Planned CERCLIS Obligations | \$4 | 24.6% | \$76 | 32.6% | \$891 | 58.8% | \$971 | 55.1% |
| Future Settlement Incentives | \$0 | 0.0% | \$6 | 2.6% | \$31 | 2.0% | \$37 | 2.1% |
| Pre-Remedy Future Costs | \$0 | 0.0% | \$3 | 1.2% | \$234 | 15.5% | \$237 | 13.5% |
| Pre-Work Settlement Contingency | \$0 | 0.0% | \$5 | 2.2% | \$19 | 1.2% | \$24 | 1.3% |
| Intramural Use Costs | \$1 | 7.2% | \$18 | 7.6% | \$35 | 2.3% | \$53 | 3.0% |
| Outyear Five Year Reviews | \$1 | 9.3% | \$10 | 4.3% | \$7 | 0.5% | \$19 | 1.1% |
| Remedy Optimization | \$0 | 0.0% | \$0 | 0.2% | \$0 | 0.0% | \$0 | 0.0% |
| Protectiveness Contingencies | \$2 | 11.7% | \$28 | 12.2% | \$23 | 1.5% | \$53 | 3.0% |
| Potential EPA Work Takeover | \$0 | 0.0% | \$11 | 4.9% | \$59 | 3.9% | \$70 | 4.0% |
| Uses Specified in Existing Settlements | \$3 | 20.7% | \$17 | 7.2% | \$15 | 1.0% | \$34 | 1.9% |
| Other Plans | \$0 | 0.0% | \$12 | 5.0% | \$52 | 3.4% | \$64 | 3.6% |

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| | Deleted Sites | | CC Sites ¹ | | Non-CC Sites | | Total | |
|------------------------|---------------|---------------|-----------------------|--------------|----------------|--------------|----------------|--------------|
| | \$ in M | % | \$ in M | % | \$ in M | % | \$ in M | % |
| Transfer to Other SA | \$0 | 0.0% | \$2 | 1.0% | \$43 | 2.9% | \$46 | 2.6% |
| Reclassification | \$1 | 6.5% | \$13 | 5.6% | \$63 | 4.2% | \$77 | 4.4% |
| TF Transfers | \$3 | 20.0% | \$0 | 0.1% | \$3 | 0.2% | \$6 | 0.3% |
| Unassigned | \$0 | 0.0% | \$3 | 1.4% | \$8 | 0.6% | \$0 | 0.0% |
| Total Available | \$14 | 100.0% | \$232 | 98.6% | \$1,516 | 99.4% | \$1,763 | 99.3% |

¹Excludes Deleted Sites.

Chart excludes closed accounts. Percentages based on Total Available for each site status.

2.5.5 Special Account Closures

Of the 1,175 accounts that have been established, 164 have been closed as of FY 2013 special accounts work planning. The 164 closed accounts represent a 23 account increase from the number of accounts closed at FY 2012 mid-year. During discussions with the regions at work planning, Headquarters asked the regions to review accounts with available balances of less than \$25,000 to determine if the accounts could be closed so that greater focus could be afforded to accounts with higher available balances. As of October 22, 2012, CERCLIS indicated that 141 open accounts (14% of all open accounts) had positive available account balances less than \$25,000, comprising approximately .06% of all available funds (see Table 7). Table 7 provides a breakdown of the number of accounts and their aggregate available account balances based on specific available account balance thresholds.

Table 7: Open Accounts with Less than \$500,000 Available

| Available Balance | # Open Accounts | % of All Open Accounts | Total Available Balance | % of Avail Bal in All Open Accounts |
|-------------------|-----------------|------------------------|-------------------------|-------------------------------------|
| <\$500,000 | 638 | 54% | \$92,331,929.35 | 5.24% |
| <\$250,000 | 494 | 42% | \$39,481,780.09 | 2.24% |
| <\$200,000 | 447 | 38% | \$28,847,309.82 | 1.64% |
| <\$100,000 | 328 | 28% | \$11,535,711.00 | 0.65% |
| <\$50,000 | 223 | 19% | \$4,084,351.58 | 0.23% |
| <\$25,000 | 141 | 12% | \$1,120,728.74 | 0.06% |
| <\$10,000 | 93 | 8% | \$268,273.47 | 0.02% |

Chart excludes accounts with negative available account balances.

2.6 Actual Special Account Utilization

In addition to CERCLIS special account planning data, Headquarters also monitors the actual utilization of special account funds.

2.6.1 Types of Actions Being Funded by Special Account Funds

During FY 2013 special accounts work planning, the different types of actions funded with special account dollars were analyzed. All historical disbursements were collected. The

disbursements were then aggregated by Action Code. Table 8 indicates the top three actions funded by special account funds by fiscal year. This particular analysis is based on the total amount of special account funds spent on each action during each fiscal year. Table 9 contains the results of an alternate analysis that ranked the actions based on the number of accounts that funded those particular actions. The data indicates that the majority of funds are used to finance fund led actions such as Remedial Actions (RA), Removals (RV), and Combined Remedial Investigations/Feasibility Studies (CO). Conversely, a large number of accounts are used to finance oversight of PRP led actions such as PRP RA (BF) and PRP RI/FS (BD).

Table 8: Top 3 Actions by FY Based on Total Dollars Disbursed

| | 1 st | 2 nd | 3 rd |
|------|-----------------|-----------------|-----------------|
| 2004 | RA | RV | CO |
| 2005 | RA | RV | BF |
| 2006 | RA | BF | RV |
| 2007 | RA | CO | RV |
| 2008 | RA | CO | RV |
| 2009 | RV | RA | CO |
| 2010 | RA | RV | BF |
| 2011 | RA | RV | CO |
| 2012 | RA | RV | CO |

Table 9: Top 3 Actions by FY Based on Number of Accounts

| | 1 st | 2 nd | 3 rd |
|------|-----------------|-----------------|-----------------|
| 2004 | RA | BF | BD |
| 2005 | BD | BF | CR |
| 2006 | BF | CR | BD |
| 2007 | BD | CR | BF |
| 2008 | PS | BD | BF |
| 2009 | BF | PS | BD |
| 2010 | BF | PS | CR |
| 2011 | BF | BD | FE |
| 2012 | PS | PC | BF |

2.6.2 Utilization of Funds from \$0 Disbursed Accounts from Mid-Year to Work Planning

There are 161 unutilized special accounts that have a total available balance of \$196.9M. In other words, no funds have been disbursed from those special accounts. Between FY 2012 mid-year and FY 2013 work planning, the number of unutilized special accounts decreased by 45 accounts from 206 to 161. In addition, funds were disbursed from 70 of the 206 unutilized special accounts identified during FY 2012 mid-year.

3 Additional Analysis

3.1 New Accounts

There were 35 special accounts established between mid-year and work planning (April 1, 2012 to September 30, 2012). The average available balance for each account is \$500K. Individual balances range from \$74 to \$3.6M in the Onanadoga Lake Special Account (024Q25). The majority of the funds in the accounts established during the timeframe mentioned above are planned for specific response actions. Figure 10 provides a breakdown of the planned uses for funds in the new accounts.

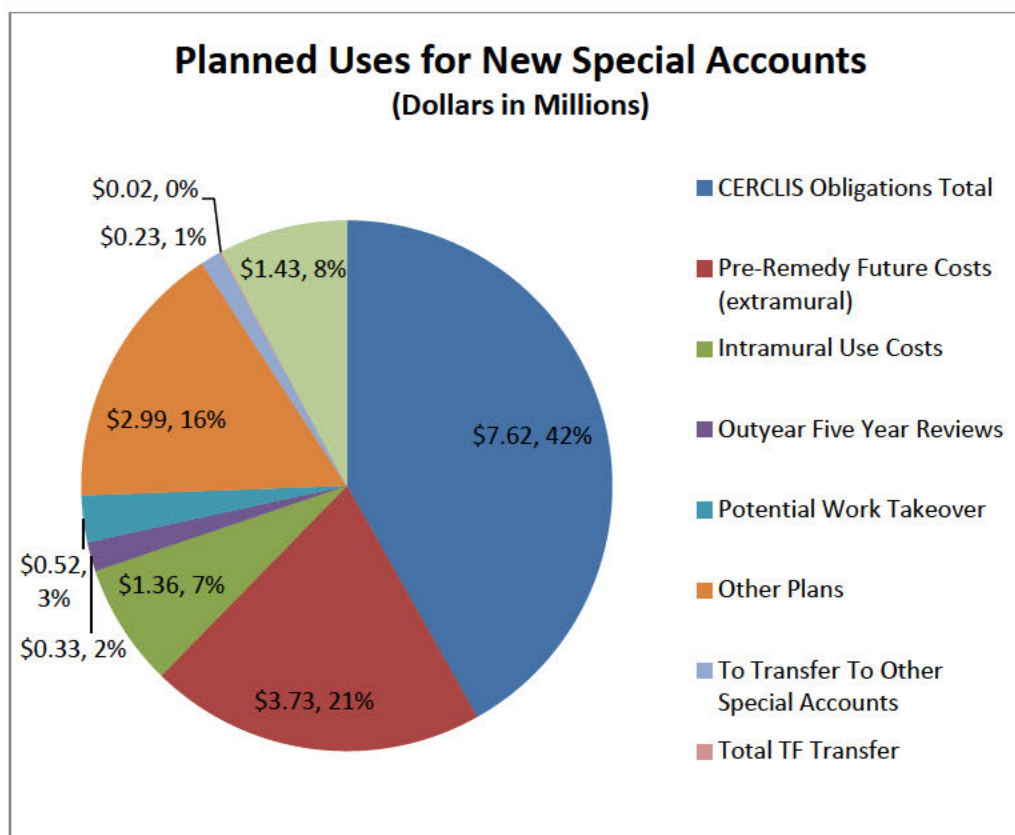


Figure 10: Planned Uses for New Special Accounts

3.2 Contingency Planning

Regions are to plan funds in accordance with the Guidance on the Planning and Use of Special Account Funds, (September 28, 2010) which states that the regions may plan to use special account funds for protectiveness contingencies in the event there is a reasonable potential that contingencies may occur, based on current site information and experience, which could cause the remedy to not be protective in the future. Regions must document as part of the mid-year and work planning processes the factors considered in determining the amounts allocated for contingency purposes and provide an estimated date for when resources would no longer need to be allocated for contingency purposes.

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Headquarters continues to closely monitor how the various regions allocate funds for contingency planning in the Additional Special Account Reserved Uses section in CERCLIS to ensure that funds are planned efficiently and are in accordance with agency guidance. Table 10 provides the percentage of plans in various contingency fields that the regions have planned in CERCLIS compared to the total available account balance nationally during FY 2012 mid-year and FY 2013 special accounts work planning.

Table 10: New CERCLIS Planning Fields - Mid-Year to Work Planning

| Contingency Planning Field | FY 2012 Mid-Year | FY 2013 Work Planning |
|---------------------------------|------------------|-----------------------|
| Pre-Work Settlement Contingency | 1.6% | 1.3% |
| Protectiveness Contingencies | 2.3% | 3.0% |
| Potential EPA Work Takeover | 1.9% | 4.0% |

From FY 2012 mid-year to FY 2013 special accounts work planning, the percentage of funds planned for Protectiveness Contingencies and Potential EPA Work Takeover have increased by 0.7% and 2.1%, respectively. In the same time period, the percentage of total funds planned for Pre-Work Settlement Contingency has decreased by 0.3%. These percentages will continue to fluctuate as site uncertainties change.

4 Conclusion and Next Steps

Using the special account data gathered from the FY 2013 work planning process, Headquarters has found that regions are complying with special account guidance and effectively managing special accounts.

A significant amount of funds (\$63.6M) remain in the “Other Plans” field. Headquarters will continue to closely monitor the use of the Other Plans field by the regions to ensure plans are appropriately placed in this field as opposed to other more specific response activity data fields and that explanations for the Other Plans field are fully entered.

Headquarters will continue to send quarterly reclassification, transfer to the Trust Fund, and account closure status updates to the regional Superfund Division Directors and Special Accounts Senior Management Committee to ensure that the regions are acting on their plans. Headquarters will also continue to identify tools and practices to ease the workload associated with reclassifications, transfers to the Trust Fund, and account closures as a means to improve the rate of completion for these planned transactions. Through the reclassification and Trust Fund transfer notification process, Headquarters will review accounts with \$0 disbursed to determine that funds were appropriately placed in the special account before they are reclassified or transferred.

In an effort to more efficiently review and manage the more than 1,000 open special accounts, OSRTI and OSRE modified the work planning and mid-year review processes for FY 2012/2013 in accordance with the “Effective Utilization of Special Accounts” memorandum issued on April 2, 2012. Regions updated their planning data for official data pulls in March and October. Headquarters reviewed this data and held regional discussions or reviewed written responses to questions following these pulls.

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As documented in the Special Accounts Data Monitoring Plan, updated on April 2, 2012, and discussed in this analysis, OSRTI and OSRE focused their review of planning data on the following accounts:

- Available balance greater than \$1M;
- Account utilization less than 30%;
- Available balance less than \$25,000;
- Account is 10 years old or more;
- Accounts at sites where CC achieved 15 years ago or more;
- Accounts with plans in the “Other Plans” field or contingency planning fields;
- Accounts with upcoming settlement negotiations; and
- Accounts with planned reclassifications and/or transfers to the Trust Fund.

Compass issues discovered during mid-years have since been resolved, but we will continue to monitor special account financial information to ensure it is accurate. OSRTI will also work with OCFO to develop reports that identify special accounts with \$0 obligated or disbursed in the past 5 years and sites with special accounts that have unliquidated obligations of appropriated funds to incorporate into future analyses.